WESTMIN RESOURCES LIMITED

ANNUAL REPORT 1980

Corporate Profile

Westmin Resources Limited was approved as the new name of the Company at a Special General Meeting of the Shareholders of Western Mines Limited which was held in Vancouver, British Columbia on March 26, 1981. At this meeting the Shareholders also approved the Continuance of the Company as a Federal Corporation under the Canada Business Corporations Act and several significant changes to its charter, including the following:

(a) subdivision of the presently issued common shares on a two-for-one basis and provision for an unlimited number of common shares;

(b) provision for an unlimited number of Class A Preferred Shares, the first series of which will be the 1,000,000 presently outstanding Class A Cumulative Redeemable Preferred Shares;

(c) provision for an unlimited number of new Class B Preferred Shares;

(d) provision for cumulative voting by shareholders for election of Directors;

(e) an increase of the Board of Directors from 9 to 10;

(f) a change of the registered head office from Vancouver, British Columbia to Calgary, Alberta.

Westmin Resources Limited is a diversified natural resource company with interests in petroleum and natural gas, precious metals and base minerals, as well as coal and uranium, throughout Canada and the United States.

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Annual General Meeting

The Annual General Meeting of Westmin Resources Limited will be held on Friday, May 1, 1981, at 2:00 p.m. in the Hotel Vancouver, Vancouver, B.C.

Corporate Highlights

	1980	1979
Financial		
($000's except per share amounts)		
Gross revenues	94,686	80,206
Net earnings	31,930	27,961
Per share	.71	.60
Funds from operations	60,082	47,272
Working capital	19,401	42,240
Capital expenditures	49,719	48,577
Mineral exploration	4,007	4,319
Total assets	244,849	216,307
Operating		
Gross natural gas production		
Million cubic feet per day	42	37
Thousand cubic metres per day	1,184	1,047
Gross crude oil and gas liquids production		
Barrels per day	1,900	1,123
Cubic metres per day	302	179
Mineral production		
Average daily tons	965	937
Gross proven reserves		
Sales gas		
Millions of cubic feet	364,320	323,672
Millions of cubic metres	10,265	9,092
Crude oil and natural gas liquids		
Thousands of barrels	6,082	4,906
Thousands of cubic metres	967	780
Ore – Tons	1,091,800	1,144,000
Land Holdings		
Thousands of gross acres	8,550	6,756
Thousands of gross hectares	3,420	2,702
Thousands of net acres	1,836	1,130
Thousands of net hectares	734	452

Metric Conversion

The petroleum industry in Canada began to convert from the Imperial System of Units to the International System of Units (metric) in 1979. In the Petroleum section of this Annual Report, both units are shown.

1 cubic metre (1 m^3) (liquid)	= 6.29 barrels
1 cubic metre (1 m^3) (gas)	= 35.49 cubic feet
1 metre	= 3.28 feet
1 hectare	= 2.50 acres
1 kilometre	= 0.62 mile
1 gigajoule	= 0.95 million Btu
1 short ton	= 0.907185 tonnes

To the Shareholders

Corporate Developments

1980 was a year of dramatic growth and change. The Company became a major Canadian-controlled resource company with extensive holdings in petroleum, natural gas, coal and minerals. The acquisition of Brascan Resources Limited provides the assets and financial strength to support an ongoing, aggressive program of further expansion through internal growth and acquisitions.

To reflect its changing identity and to position itself for further major developments, the shareholders approved a number of significant actions at a Special General Meeting held on March 26, 1981 (see inside front cover).

Continuing the Company under the Canada Business Corporations Act and changing its name to Westmin Resources Limited were done to facilitate its operations and to better describe the new, broader national nature of its activities.

To provide for wider ownership of Westmin's shares and also greater flexibility to secure future equity financing, the capital of the Company was altered significantly. This included a split of the issued and outstanding shares on a two-for-one basis. Also on March 13, 1981, the Company filed a preliminary prospectus covering the proposed issue of Class B Convertible Preferred Shares. The proceeds of this issue, together with a substantial bank line of credit established by the Company, puts Westmin Resources in a strong position to make one or more further substantial resource acquisitions as opportunities are identified.

Cumulative voting for the election of directors was introduced to strengthen the position of minority shareholders and the number of directors was increased from 9 to 10.

The Year in Review

Exploration, development and other capital expenditures were at all time highs, resulting in significant additions to reserves in both the petroleum and mining divisions.

Production of ore at the Lynx and Myra mines was at a five-year high during 1980. Production of oil and gas increased significantly and further gains are expected in 1981. The Company's coal properties show considerable potential for the future as interest in coal as an alternate energy source grows.

Net earnings for 1980 amounted to $31.9 million compared with $28.0 million in 1979. This is equivalent to pro forma earnings of $0.71 per common share compared to $0.60 in 1979. Cash flow amounted to $60.1 million, an increase of 27% from $47.3 million the previous year. All financial information contained in this report has been restated to reflect the acquisition of Brascan Resources Limited.

During the year the Company purchased the largest share position (approximately 23%) in Lacana Mining Corporation and has an option to subscribe for an additional one million shares during the following three years. Lacana's mining interests, which include a 30% interest in one of the world's largest producing silver mines in Mexico and an approximate 26% interest in a new gold mine in Nevada, significantly increase the Company's investment in precious metals.

Outlook for 1981

The outlook for Westmin Resources in 1981 is encouraging despite concern over the Canadian political and economic environment. With a solid, growing and diversified asset base, efficient operations in all divisions and exciting exploration exposure, the Company is in a position to move forward vigorously.

A major concern is the Federal Government's proposed National Energy Program introduced on October 28, 1980. If brought into effect substantially as proposed, the Program will restrict prices and impose higher taxes which will reduce the growth of the petroleum division's earnings and cash flow from that previously expected.

Westmin is greatly concerned that the Federal Government does not place sufficient emphasis on the objective of achieving Canadian energy security and independence from the world oil market. The elements of the National Energy Program, as presently formulated, will not encourage sufficient investment in the exploration and development of new petroleum reserves to achieve these objectives. Westmin, along with other independent operators in the petroleum industry, has made representations to the Federal Government to relax the severity of this Program. At the time of printing some of the representations have been accepted and hopefully concessions will follow.

The current downturn in the world economy has caused weakness in the short term outlook for base and precious metals although the medium and longer term outlook is encouraging. Westmin has managed to offset some of the effects of this short term metal price weakness through forward sales.

At the Annual Meeting of Shareholders to be held on May 1, 1981, Dr. William H. Gross will be put forward as a candidate to join the Board. Dr. Gross is President and Chief Executive Officer of Lacana Mining Corporation and will bring to the Board many years of worldwide experience in the mining industry.

The Directors extend their special thanks to the hardworking employees of the Company whose efforts and resourcefulness contributed to the progress and success of the Company in 1980.

On behalf of the Board of Directors,

A. W. Farmilo
Chairman of the Board

Paul M. Marshall
President and Chief Executive Officer

April 8, 1981

WESTMIN RESOURCES LIMITED

WESTMIN AREAS OF ACTIVITY

WESTMIN INTEREST GAS PLANTS

Petroleum Division

Exploration

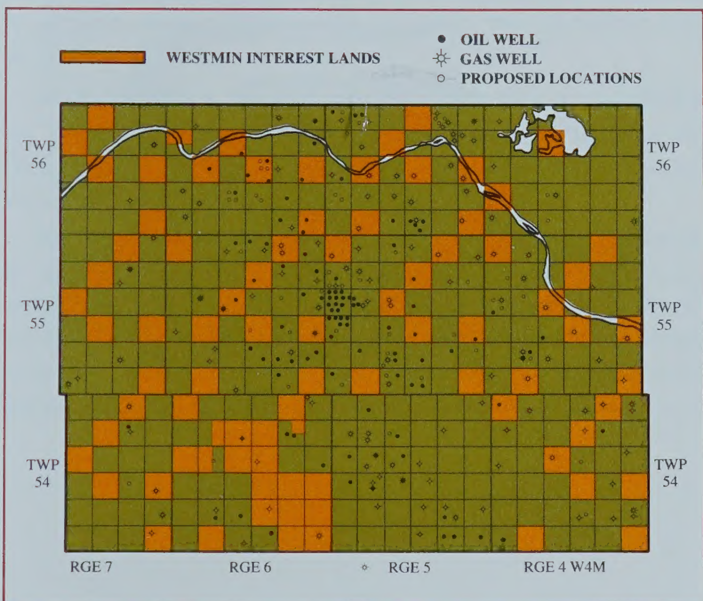
During 1980 Westmin's exploration activities were concentrated in Alberta but also extended to the Canadian frontier, the U.S. and the Middle East. Exploration was directed to oil prospects while expenditures in gas prone areas were reduced because of the delays expected in marketing newly discovered gas reserves.

Alberta

• Lindbergh

Five successful exploratory heavy oil wells were drilled by the Company on its mineral title land in the Lindbergh area. Sustained production tests confirm that the area can be economically developed for primary oil production and has excellent potential for tertiary recovery. Westmin has an extensive land position here and several exploratory wells are planned for 1981.

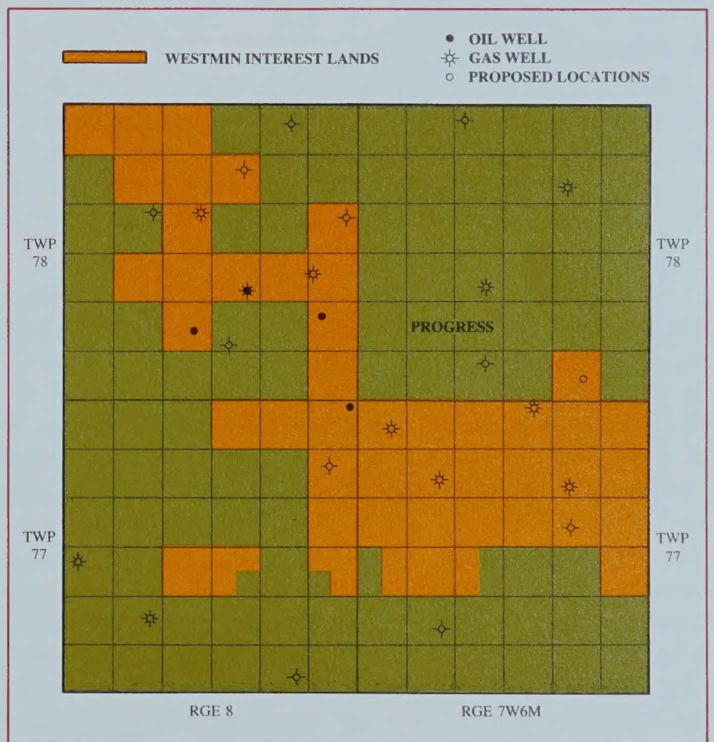
Lindbergh Area



• Progress

Major exploration was also carried out in the Progress area in northwestern Alberta, a region where numerous discoveries have been made by the industry in recent years. Westmin's participation is conducted through a consortium called the Peace River Arch Group with Westmin's participation varying between 16% and 33%. Encouraged by drilling results in 1979 the Group embarked on an accelerated effort involving geophysics and exploratory drilling which resulted in the discovery of 4 potential oil wells and 6 potential gas wells. Infill drilling which is planned for 1981 is required to completely define the pool limits.

Progress Area



• **Claresholm**

Westmin participated in the drilling of two deep tests in this area. Production casing has been installed and the Company is currently evaluating the wells and plans to conduct additional geophysical surveys.

• **Mineral Title Lands**

In the central portion of its mineral title lands Westmin has drilled a number of exploratory and development wells to further develop gas reserves in areas where the Company has a gas purchase contract.

Frontier

The Frontier areas of Canada offer exciting prospects for the discovery and development of petroleum production which in the future could contribute to Canadian self sufficiency. Westmin holds acreage in the Beaufort Sea and offshore Labrador on which drilling was conducted in 1980.

• **Beaufort Sea**

Westmin holds working interests ranging from 2% to 12% in 921,544 gross acres (368,618 gross hectares) in the main Beaufort Sea area, and working interests ranging from 6% to 15% in a further 984,971 gross acres (393,988 gross hectares) in the Cape Bathurst area of the Beaufort.

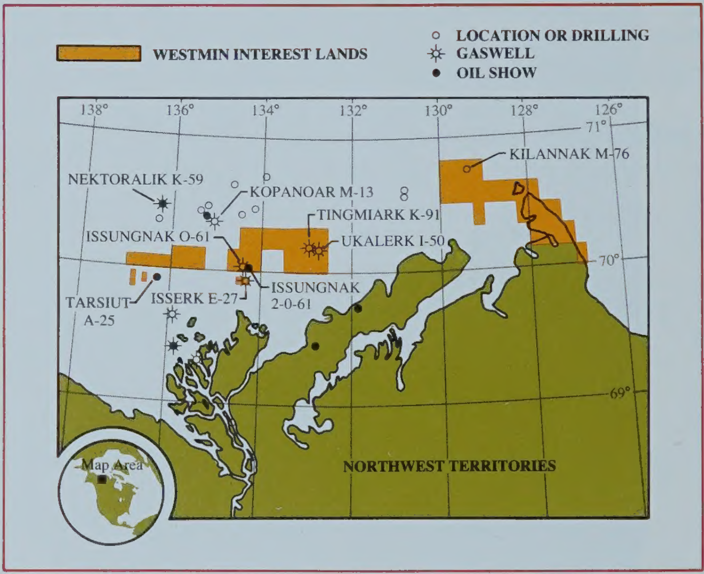
In 1980, one well, (Issungnak 0-61), which was drilled from a man-made island, tested gas from two zones and oil at 2,400 barrels per day from a third zone. This well, in which Westmin's interest was 2%, was drilled at no cost to the Company. A delineation well, (Issungnak 2-0-61), which commenced drilling in October of 1980 will provide additional information about the structure and Westmin will pay a 2% share of costs of this well. The block of acreage on which both wells are located comprises approximately 16,000 acres (6,400 hectares). Surrounding this block on three sides is 290,000 acres (116,000 hectares) in which Westmin has a 12% interest. The Company and its partners have conducted geophysical surveys over this area and intend to drill a well on a separate structure by use of a drillship during the 1981 drilling season.

Also in the central Beaufort Sea area, the Isserk E-27 well, located on 16,000 acres (6,400 hectares) on which Westmin retains a 3% working interest, tested gas from a zone at 6100 feet.

On a portion of the acreage at Hutchison Bay, a group lead by Dome Petroleum Limited ("Dome") has drilled two gas discoveries (Ukalerk I-50 and Tingmiark K-91) on a 348,000 acre (139,200 hectares) farmout block granted by Westmin and its partners. Dome has an obligation to conduct further work on the lands in 1982. Westmin's working interest in the block after Dome and its partners have completed their program will vary from 6.1% to 7.9% depending upon the work completed.

In the Cape Bathurst area, Westmin and its partners granted Dome a farmout of a 468,000 acre (187,200 hectares) block. Drilling operations on the Kilannak M-76 well commenced in the 1980 summer drilling season but were suspended because of severe ice conditions. Drilling will be concluded in 1981. Westmin's interest after the drilling of this well will be 3.9%.

Beaufort Sea



- **East Coast Labrador Offshore**

Westmin and partners granted a farmout to Chevron Canada Limited of a 753,000 acre (301,200 hectares) block situated offshore from Labrador. In 1979 the Hopedale E-33 well was drilled and resulted in a condensate-rich gas discovery. In 1980 a second well (South Labrador M-79) was drilled on an adjoining prospect. This 12,000 foot test is currently suspended at total depth. Westmin's retained interest in these wells will be 7.4%.

United States

Canadian companies are becoming increasingly more active in the United States, partly because of apprehensions concerning the National Energy Program and partly because of generally more favourable operating conditions, prices and markets.

Westmin, with partners, is conducting a program of exploration for natural gas in the San Joaquin basin of northern California. Extensive seismic programs have been conducted and approximately 15,000 acres (6,000 hectares) have been acquired over a variety of prospects. A number of anomalies were defined, two of which will be drilled in 1981.

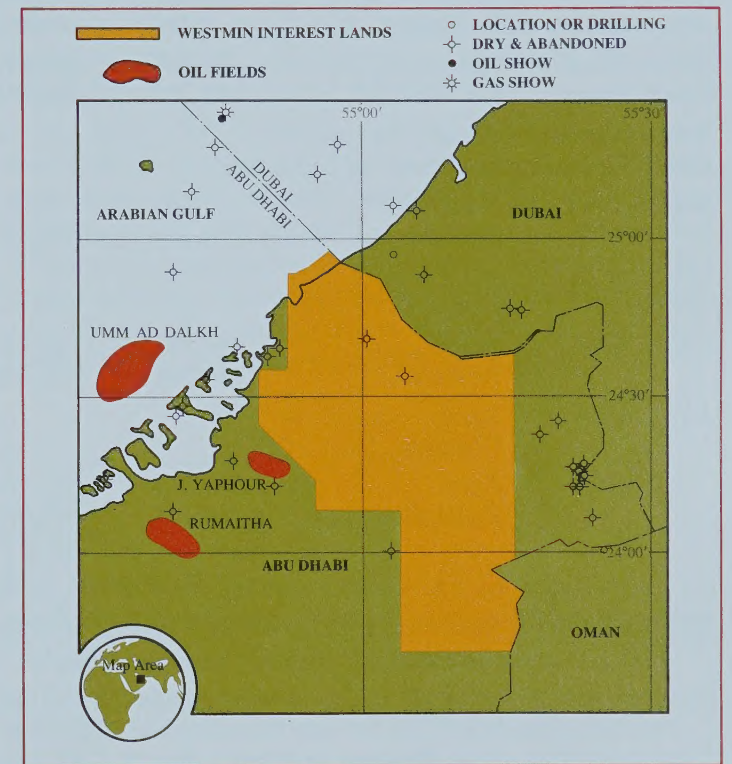
Westmin and a partner carried out a substantial drilling program in a gas prone area of New York State in 1980. The Company is currently seeking other exploration companies to conduct additional drilling.

Westmin and partners hold varying working interests in acreage blocks in the states of Texas, Montana, Nebraska and Utah. In the Altamont-Bluebell area of Utah, Westmin is participating in a development drilling program. The first well is near total depth and Westmin anticipates that it will be completed as an oil well.

Abu Dhabi

In October, 1980 the Company acquired a 13% interest in a group formed to explore a 1,944,756 acre (777,902 hectare) concession in Abu Dhabi. This is a major opportunity for Westmin to participate in the most prolific oil producing area in the world, where the potential exists for the discovery of major reserves with a high return geared to world prices. An extensive geophysical survey will commence in 1981 and drilling is scheduled for 1982.

Abu Dhabi



Land Holdings

(as of December 31, 1980)

		Leases		Licences, Permits, Reservations and Concessions		Total	
		Gross	Net	Gross	Net	Gross (1)	Net
Alberta:	Acres.........	2,111,938	880,842	260,878	66,433	2,372,816	947,275
	Hectares......	844,775	352,337	104,351	26,573	949,126	378,910
British Columbia:	Acres.........	518,824	54,462	82,098	1,650	600,922	56,112
	Hectares......	207,530	21,785	32,839	660	240,369	22,445
Saskatchewan:	Acres.........	18,043	7,654	58,577	12,876	76,620	20,530
	Hectares......	7,217	3,062	23,431	5,150	30,648	8,212
Yukon Territory (Eagle Plains):	Acres.........	228,004	204,624	—	—	228,004	204,624
	Hectares......	91,202	81,850	—	—	91,202	81,850
Arctic Islands and Offshore(2):	Acres.........	—	—	368,747	—	368,747	—
	Hectares......	—	—	147,499	—	147,499	—
Beaufort Sea(3):	Acres.........	35,273	4,233	1,871,242	187,310	1,906,515	191,543
	Hectares......	14,109	1,693	748,497	74,924	762,606	76,617
Labrador Offshore:	Acres.........	—	—	753,403	82,084	753,403	82,084
	Hectares......	—	—	301,361	32,834	301,361	32,834
United States:	Acres.........	298,271	80,749	—	—	298,271	80,749
	Hectares......	119,308	32,300	—	—	119,308	32,300
Abu Dhabi:	Acres.........	—	—	1,944,756	252,818	1,944,756	252,818
	Hectares......	—	—	777,902	101,127	777,902	101,127
TOTAL:	Acres.........	3,201,353	1,232,564	5,339,701	603,171	8,550,054	1,835,735
	Hectares......	1,284,141	493,027	2,135,880	241,268	3,420,021	734,295

(1) Gross figures include working interest, mineral title, carried interest and overriding royalty lands.

(2) In addition Westmin has a 12.28% equity interest in Magnorth Petroleum Ltd. which in turn holds 2,354,559 gross acres (941,824 gross hectares) or 1,738,535 net acres (695,414 net hectares).

(3) Pursuant to Section 121 of the current Canada Oil and Gas Land Regulations Petro-Canada exercised its right to acquire a working interest in a 218,639 acre (87,456 hectares) block in the Beaufort Sea and while Petro-Canada's interest has yet to be finally determined, Westmin anticipates that its 12% interest in the block will be reduced to approximately 10%.

Mineral Title Acreage

Westmin has approximately 507,000 acres (202,800 hectares) of mineral title lands comprising petroleum, natural gas and coal rights, located mainly in Alberta.

This mineral title land is not subject to royalty or rental payments to the Crown or other third parties. Approximately 60% of these lands are leased or committed through farmouts or similar arrangements to other parties. Westmin derived rental and royalty income of approximately $6.7 million from these arrangements in 1980.

Land Acquisitions and Transactions

Westmin continued its active land acquisition program and in 1980 spent approximately $5.2 million at Crown sales in Canada, primarily in Alberta. Under existing farmout and lease agreements, forty-five wells were drilled at no cost to Westmin. Two substantial farmouts of gas prospects negotiated at year end will result in the drilling of 13 wells on Westmin interest lands in Alberta in 1981.

Reserves

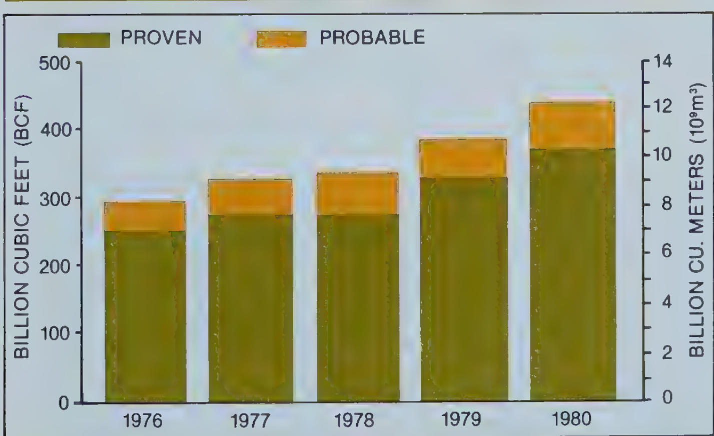
On December 31, 1980 Westmin's proven plus probable reserves before royalty, as determined by independent engineering consultants, were as follows:

	Crude Oil and Natural Gas Liquids		Sales Gas	
	MM BBLS	10^6m^3	BFC	10^9m^3
1980	11.6	1.8	439	12.4
1979	11.7	1.9	384	10.8
1978	5.9	0.9	328	9.2
1977	4.1	0.6	325	9.2
1976	4.1	0.6	291	8.2

The following table shows the status of Westmin's proven reserves from December 31, 1979 to December 31, 1980:

	Crude Oil and Natural Gas Liquids		Sales Gas	
	MM BBLS	10^3m^3	BCF	10^9m^3
Reserve Status				
• December 31, 1979	4.906	780.0	323.7	9.1
• Additions – 1980	1.871	297.4	55.9	1.6
• Sales – 1980	0.695	110.5	15.3	0.4
Reserve Status				
• December 31, 1980	6.082	966.9	364.3	10.3

Natural Gas Reserves



Production

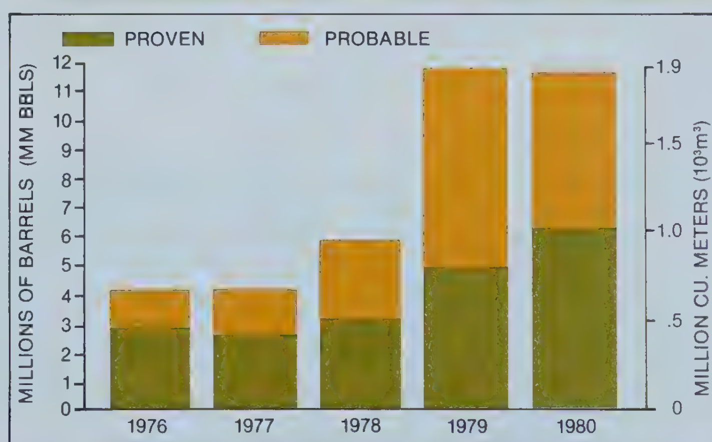
Crude Oil and Natural Gas Liquids

Crude oil and natural gas liquid sales averaged 1900 bbls/d (302 m^3/d) during 1980 compared to 1123 bbls/d (178 m^3/d) in the previous year. Westmin's share of natural gas liquid sales from the Botha-Chinchaga plant which began production in August 1980 contributed 15% of total crude oil and liquid sales at year end.

Heavy oil production continued to play an important role in Westmin's development plans, with production having increased from 105 bbls/d (16.7 m^3/d) in December 1979 to 397 bbls/d (63.1 m^3/d) in 1980. Westmin retains significant mineral title acreage with heavy oil potential in the Vermilion, Hazeldine and Lindbergh areas of east central Alberta.

In 1979, the Company proved economic primary heavy oil production could be sustained in the Lindbergh area where the Company operates 18 oil wells. Other companies are actively drilling in this area, confirming Westmin's interpretation of its potential. Westmin has initiated technical studies to evaluate the Mannville formation (heavy oil) reserves and to determine the optimum conventional and tertiary exploitation methods.

Crude Oil and Natural Gas Liquids Reserves



Natural Gas

In December, 1979, the Canadian government authorized new exports of natural gas to the United States. Sulpetro Limited and Pan-Alberta Gas Ltd., two applicants with which Westmin has gas contracts, both received United States regulatory approvals for gas imports.

Westmin markets approximately 85% of its natural gas to Alberta utilities and therefore was only minimally affected by the reduction in production which occurred because of the diminished demand from U.S. customers.

Westmin owns a 25% share of the Botha-Chinchaga gas plant which came on production in late August 1980. In December 1980, Westmin's share of production from this plant was 5.2 MMcfd (147 10^3m^3/d) sales gas and 311 bbls/d (49 m^3/d) of natural gas liquids. Full year operations during 1981 and subsequent years will substantially add to Westmin's production results.

Most of Westmin's shut-in Alberta natural gas reserves are contracted for sale. Approximately 117 Bcf (3,297,000 10^3m^3) of these reserves will be placed on production between 1981 and 1983. A further 45 Bcf (1,268,000 10^3m^3) in Alberta is not presently contracted. Two gas plants are currently being constructed at Beauvallon in Central Alberta with completion scheduled for the spring of 1981. Westmin's share of capacity in these plants will be 10 MMcfd (282 10^3m^3/d). In 1981 and 1982 Westmin expects to build and operate 7 new gas systems and to participate in an additional 9 partner-operated systems. Production from these plants is expected to reach capacity by 1983. Including Westmin's share of Botha gas sales and throughput from the new plants, Westmin anticipates that in 1983, sales from these new facilities will average 29 MMcfd (817 10^3m^3/d).

Royalty Income

Westmin's royalty interests in petroleum and natural gas amounted to $6.8 million in 1980. $1.4 million of this amount was received from gas royalties and $5.4 million from oil royalties, primarily from the Redwater oil field. During 1980, royalty gas sales represented 4.6% of total gas sales and royalty crude oil sales represented 48.9% of total crude oil sales. Based on average 1980 operating profit per barrel, one barrel of royalty oil is worth approximately 1.7 barrels of working interest oil.

Gross Production and Income (1)

		Year Ended December 31 1980	1979
Crude oil and natural gas liquids			
Per year	bbls	695,362	409,900
	m^3	110,500	65,167
Daily average	bbls	1,900	1,123
	m^3	302	179
Natural gas			
Per year	MMcf	15,374	13,570
	10^3m^3	433,200	382,361
Daily average	MMcf	42	37
	10^3m^3	1,184	1,047
Gross Revenue ($000's)			
Natural Gas		37,820	23,782
Crude Oil & Gas Liquids		10,735	5,366
Total		$ 48,555	$ 29,148

(1) Includes royalty production and income accruing to Westmin but before deducting royalty interests accruing to other parties.

Drilling Operations

During 1980, Westmin participated in drilling 117 gross wells which resulted in 31 oil and 58 gas wells. In addition, other operators drilled 45 wells on Westmin lands, at no cost to Westmin, which resulted in 5 oil and 23 gas wells in which the Company retained overriding royalty interests. Included in the total 162 wells drilled in which the Company has either a working interest or royalty interest, 133 wells were located in Alberta, 7 wells in British Columbia, 20 wells in the United States, 1 well in the Beaufort Sea and 1 well in the Labrador offshore area.

	Drilling Activity – 1980					Drilling Activity – 1979				
Working Interest	**Gas**	**Oil**	**Dry**	**Gross**	**Net**	**Gas**	**Oil**	**Dry**	**Gross**	**Net**
Exploratory	38	14	22	74	38	31	17	22	70	46
Development	20	17	6	43	23	16	12	7	35	22
TOTAL	58	31	28	117	61	47	29	29	105	68
Royalty Interest(1)	23	5	17	45	*	28	2	15	45	*

(1) "Royalty interest wells" are wells drilled at no cost to Westmin on properties in which Westmin's only interest is a retained royalty interest.

* Variable, depending on contractual arrangements.

Operations

Mining Division

Production

Westmin continued to produce ore from the Lynx and Myra mines during 1980 in roughly the same proportions as in 1979. The 4% increase in ore milled in 1980, over that in 1979, did not completely offset the lower mill head grades and consequent drops in mill recovery. Concentrate production was down some 8% from 1979 levels.

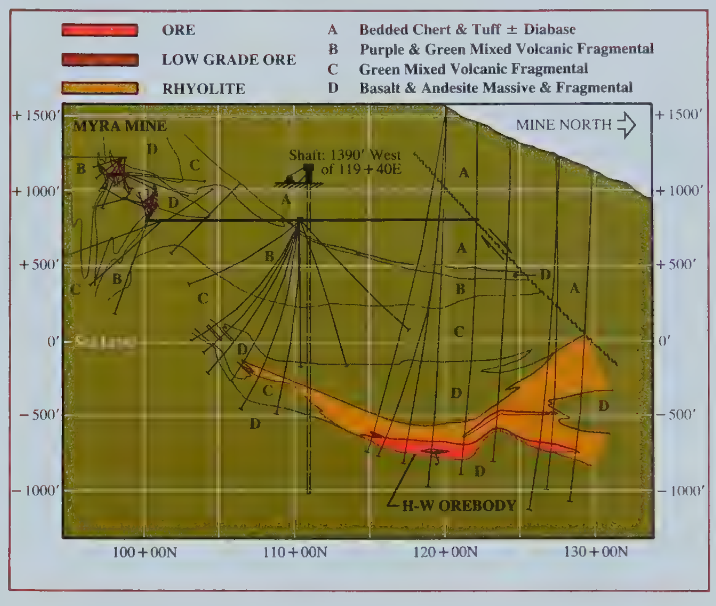
Summary of Production Statistics

		1980	1979
Ore Production (tons)		306,712	294,181
Average daily ore production (tpd)		965	937
Source of ore (%):	Lynx	70	68
	Myra	30	32
Head Grades			
	Gold (oz/t)	.08	.09
	Silver (oz/t)	3.62	3.82
	Copper (%)	1.22	1.32
	Lead (%)	1.23	1.37
	Zinc (%)	7.58	8.45
Mill Recovery (%)			
	Copper	81.4	82.8
	Lead	80.9	79.8
	Zinc	82.5	84.3
Concentrate Production (tons)			
	Copper	11,238	11,525
	Lead	7,266	7,462
	Zinc	35,790	40,307

Payable Metal (000's)

Gold (oz)	19	20
Silver (oz)	786	791
Copper (lbs)	5,941	6,296
Lead (lbs)	5,125	5,425
Zinc (lbs)	33,656	36,509
Cadmium (lbs)	64	72

Myra and H-W Mines Composite Section 119 + 40E to 124 + 00E



Surface Plan Lynx-Myra-H-W-Price Mines

Ore Reserves

During 1980, 306,712 tons were mined and 254,512 tons were added to ore reserves, resulting in a net decrease in reserves of 52,200 tons. Proven ore reserves in the Lynx and Myra mines as of January 1, 1981, were as follows:

	Proven Reserves Tons	Grade Gold (oz/ton)	Silver (oz/ton)	Copper %	Lead %	Zinc %
Lynx mine...	842,300	0.06	2.5	1.2	0.9	8.3
Myra mine...	249,500	0.10	6.1	0.7	1.3	5.8
	1,091,800					
Weighted Average..		0.07	3.3	1.1	1.0	7.7

By comparison, total proven ore reserves as of January 1, 1980 were:

1,144,000	0.08	3.4	1.1	1.0	8.0

Exploratory drilling of the Price and H-W discoveries during 1980 indicated the potential for much greater reserves. However, until underground development has been able to block out these reserves, it is not possible to classify them as "proven" reserves and therefore they have not been included in the above table. An independent consultant prepared a year-end estimate of the drill-indicated and possible reserves. His estimates are as follows:

Drill Indicated Tons	Possible Tons	Grade Gold (oz/ton)	Silver (oz/ton)	Copper (%)	Lead (%)	Zinc (%)
5,314,400	2,714,600	.07	1.0	2.1	0.3	4.9

Development

Regular development activities in the Lynx and Myra mines in 1980 were increased substantially over 1979 levels, as the following table indicates.

	1980	1979
Horizontal Advance (feet)	9,645	8,068
Vertical Advance (feet)	3,878	4,125
Surface diamond drilling (feet)	93,923	32,519
Underground diamond drilling (feet)	88,740	60,873

Additional development included 2,310 feet of adit on two levels in the Price mine in preparation for production by late 1981.

Major new development commenced with the preparation of the H-W shaft site and erection of the headframe, hoistroom, and some ancilliary facilities. The collar has been cemented, equipment is now in place and sinking commenced in early 1981. The shaft is scheduled for completion in August 1982.

Environment

Although pollution control in the mining industry in British Columbia is primarily regulated under the Pollution Control Act, Westmin, with its two producing mines located in the Strathcona Provincial Park area of Vancouver Island, is also subject to controls imposed under the provincial Park Act. Westmin's operations currently comply with the existing permits issued under these statutes but due to growing concern over the levels of dissolved metals in Buttle Lake in the Park, Westmin, at the direction of the British Columbia Waste Management Branch of the Ministry of Environment, is evaluating alternative methods of tailings disposal and is conducting studies to determine to what extent waters from mine drainage and from natural sources are contributing to the level of dissolved metals in the lake.

An estimated $500,000 will be expended in 1981 for the construction of a tailings treatment plant. In addition, Westmin estimates that annual expenditures for pollution control and analysis will exceed the $200,000 per annum average expended in prior years.

Marketing

The Company maintained shipments under its existing ore sales contracts to markets in North America and Japan.

Political and economic events continued to cause swings in prices throughout the year, although overall the gradually deteriorating economic situation brought a fall in demand and prices for metals. The outlook for 1981 is that industrial activity will remain quiet and base metal prices are unlikely to recover until the second half of the year. Gold and silver prices are expected to fluctuate around current levels.

The Company continued a policy of selling forward part of its production when market conditions warrant.

Westmin established its own marketing department in 1980 to improve its operating flexibility and handle increasing volumes anticipated from the new H-W mine.

Exploration

The Mining Division participated in an active mineral exploration program in 1980 throughout Canada, either alone or in joint ventures, many of which Westmin managed. Gross exploration expenditures which included partner contributions and exploration of the new H-W orebody, totalled $8.3 million.

Base Metals

Massive Sulphides

- **H-W Deposit**

Geological studies and drilling on the H-W deposit during 1980 have demonstrated that this new orebody is an extensive deposit with variable gold, silver, copper, lead and zinc content, the ultimate dimensions of which have not yet been established.

To the end of 1980, 37 diamond drill holes had intersected the deposit over a strike length of 2,000 feet, and a dip extent ranging from 400 feet on the western end to 1,600 feet on the east. Average thickness of the deposit is 59 feet, although some intersections are as thick as 130 feet.

During 1981, the plan is to continue both surface and underground diamond drilling to more fully delineate the deposit and to verify ore grades and metal distribution as well as to provide the basis for production planning.

Lead, Zinc

- **Great Slave Reef/West Reef, Northwest Territories**

Diamond drilling in early 1980 encountered two additional mineralized zones, 0-556 and P-449, west of the original R-190 discovery. Further drilling will be required to determine the extent of these intersections.

Precious Metals

- **Big Missouri, B.C.**

This prospect has numerous attractive gold-silver zones and Westmin's exploration emphasis is on those amenable to lower cost surface mining. Several such zones were evaluated in 1980 with encouraging results and the 1981 program is directed toward more intensive work on the better targets as well as evaluation of some of the untested additional showings.

- **Ontario/Quebec**

Westmin is involved in two gold exploration programs in Northern Ontario and Northwestern Quebec. Geological and geophysical surveys were carried out over favourable geology south of the Detour gold deposit and Westmin participated in an overburden drilling program in Currie and Bowman Townships, Ontario. Both programs have targets and anomalies which will be evaluated in 1981.

Uranium

The Company manages a major uranium exploration joint venture with Central Electricity Generating Board Exploration (Canada) Ltd., which covers exploration of ten uranium prospects in the Northwest Territories, Saskatchewan, Quebec, and New Brunswick. During 1980 drilling as well as surface work was carried out on nine of these projects and results in most cases are sufficiently encouraging to be followed up in 1981. Of particular interest is the Dubawnt property, in which the Company has a 70% interest, where several extensive uranium-bearing boulder fields were discovered and partially defined in 1980.

Other Metals

Westmin carried out modest programs for exploration for molybdenum and tungsten in British Columbia and the Yukon Territory during 1980. Diamond drilling on the Keystone property in British Columbia encountered a major, deep, intersection of low grade molybdenum which will be further evaluated in 1981.

Coal and Industrial Minerals

Coal

Westmin owns the coal rights beneath some 500,000 acres of its mineral title lands in Central Alberta. The Company also holds an interest in Crown coal leases in B.C., Alberta, and Saskatchewan. Drilling in these areas has defined 400 million tons of coal recoverable by current mining methods.

Near Edmonton, Alberta, Westmin owns coal properties which are subject to two agreements with a major electric utility. The first, made in 1972, covers some 48 million tons of coal and will generate cash flow of $17 million between 1981 and 2005. Under this same agreement, royalties are payable on 19.1% of coal production from the Highvale mine at a rate that escalates upward from 11¢ per ton in 1981. A second agreement, concluded in 1979, covers some 10 million tons and is expected to generate $15 million in royalties over the next 10 years. During 1980 these two agreements provided revenues of $850,000 to the Company, which amount will escalate in succeeding years.

Negotiations are currently in progress with the same power utility for leases covering an additional 80 million tons of coal in the same area.

Westmin holds a 50% interest in 11,000 acres of Crown coal leases near Greencourt, Alberta which contain about 30 million tons of near-surface coal located close to rail transportation facilities.

In addition, Westmin holds a 12½% working interest in the Sukunka metallurgical coal deposit located near to planned new rail facilities in northeastern B.C.

Industrial Minerals

Westmin administers some 2,000 acres of Crown leases in east-central Alberta that contain 1.2 million tons of sodium sulphate. By agreement, Alberta Sulphate mines this mineral and paid Westmin a royalty approximating $200,000 in 1980.

Other Investments

Lacana Mining Corporation

In October 1980 the Company acquired a total of 2,147,809 shares of Lacana Mining Corporation ("Lacana") of Toronto, Ontario (of which 1,000,000 shares were purchased from Lacana's treasury). As a result, the Company became the largest shareholder of Lacana, with a 23% interest in that company (19% on a fully diluted basis), which may be increased to a 30% interest (26% fully diluted) by the exercise, at any time prior to October 25, 1983, of an option to purchase an additional 1,000,000 Lacana treasury shares. The Company has since made further open market purchases of Lacana shares from time to time.

Lacana has substantial minority interests in two Mexican precious metal mining complexes and carries on active exploration in Latin America, Canada and the United States. In addition, Lacana has an approximate 26% interest in a Humboldt County, Nevada gold property which has recently commenced production. When fully operational, estimated production will be approximately 45,000 ounces of gold per year.

Financial Review

The accompanying financial statements reflect the change of corporate name to Westmin Resources Limited. Earnings per share have been calculated giving effect to the subdivision of the common shares on a two-for-one basis.

On June 5, 1980 the Company acquired all of the shares of Brascan Resources Limited, which had controlled Westmin Resources Limited since 1976. Accordingly the 1980 consolidated financial statements and the comparative data for 1979 have been structured to reflect the subsequent reorganization (Refer to note 1 to financial statements).

Earnings

The Company's net earnings for the year ended December 31, 1980 were $31.9 million, an increase of 14% from $28.0 million the previous year. The minimal change to basic earnings per share, from $0.83 in 1979 to $0.81 in 1980, resulted from the impact of dividends payable on preferred shares effective June 5, 1980, the date of the reorganization. Pro forma earnings per share, which are calculated assuming that the revised capital structure had been in place during the entire period since January 1, 1979, show an increase to $0.71 per share in 1980 from $0.60 per share in 1979.

Revenues

Revenues for 1980 were $94.7 million, an increase of 18% from 1979 revenues of $80.2 million, primarily as a result of increased prices and production levels in the petroleum division.

Natural gas sales increased by 59% to $37.8 million from $23.8 million in 1979. Production volumes increased by 13% to 433.2 million cubic metres or 1,184 thousand cubic metres (42 MMcf) per day. The average wellhead price received was $87.30 per thousand cubic metres ($2.46 per Mcf).

Similarly, oil and natural gas liquid sales increased significantly to $10.7 million in 1980 from $5.4 million in 1979. By year end 1980, daily production volumes (including royalty income) had almost doubled to approximately 350 cubic metres (2200 barrels). Average wellhead price for the year was $97.15 per cubic metre ($15.45 per barrel).

Net smelter return for the mining division was down 4% at $41 million from $42.8 million in 1979. While production was up 4% over 1979 at 306,712 tons, lower head grades and the erratic fluctuations in the metal markets since the last quarter of 1979 resulted in the net decrease in returns.

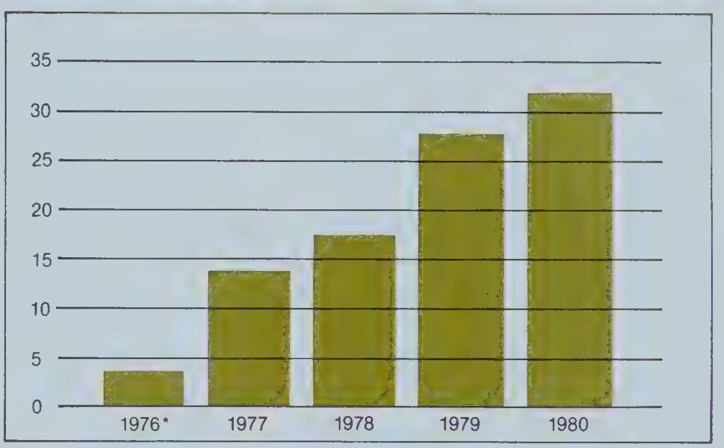
Interest income was down significantly as there were less funds available to invest on a short term basis during 1980.

Costs and Expenses

Royalty expense increased significantly to $9.1 million in 1980 from $5.1 million in 1979, which is consistent with the increase in working interest sales of oil and natural gas. The effective royalty rate is a very low 21.8% since a considerable portion of the sales originate from the Company's royalty-free mineral title lands.

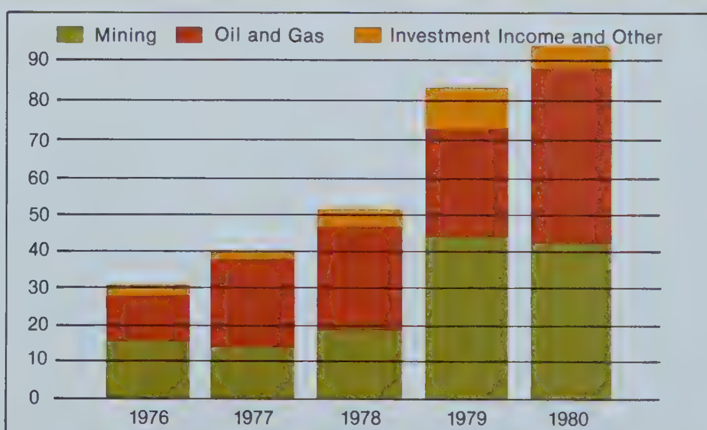
As expected the inflationary spiral has a significant impact on cost categories. Oil and gas production expenses more than doubled to $5.9 million from $2.9 million in 1979. These increases resulted from the significant additions to production volumes, especially oil, which is more costly to produce than gas.

Net Earnings
(millions of dollars)



* Before write down of deferred development expenditures of $9.8 million.

Revenues
(millions of dollars)



Operating costs for the mining division increased 15% to $14.6 million in 1980 from $12.7 million in 1979. Operating cost per ton milled was up 9.7% to $47.51 from $43.29 in 1979, and the remainder of the total increase was attributable to higher volumes of production.

Mineral exploration costs were $4 million in 1980, down 7% from $4.3 million in 1979. Early in the year a decision was made to capitalize future costs associated with the new discoveries at the minesite, consistent with our policy of expensing costs only until such time as an economic orebody is defined.

General and administrative costs increased 50% in 1980, to $3.3 million from $2.2 million in 1979. Included in 1980 are costs in excess of $0.6 million related to the acquisition of Brascan Resources Limited. The remainder of the increase is attributable to additional staff costs and inflation.

Depletion and depreciation charges totalled $7.9 million in 1980, up from $5.5 million in 1979 due to increased production and to the higher cost of finding and acquiring oil and gas reserves. The rate charged to earnings per equivalent cubic metre of oil and gas production was $13.89 in 1980 ($2.21 per equivalent barrel) compared to $11.95 per cubic metre ($1.90 per equivalent barrel) in 1979.

Interest expense in 1980 relates to the short term funds borrowed to effect the Abacus acquisition in 1979 and the Lacana acquisition in 1980.

Income and mining taxes decreased to $17.4 million in 1980 from $19.2 million (after extraordinary item) in 1979. The effective rate of tax on pre-tax income declined to 36% in 1980 from 43% in 1979. The reduction relates almost entirely to the determination of production income as it relates to the mining tax.

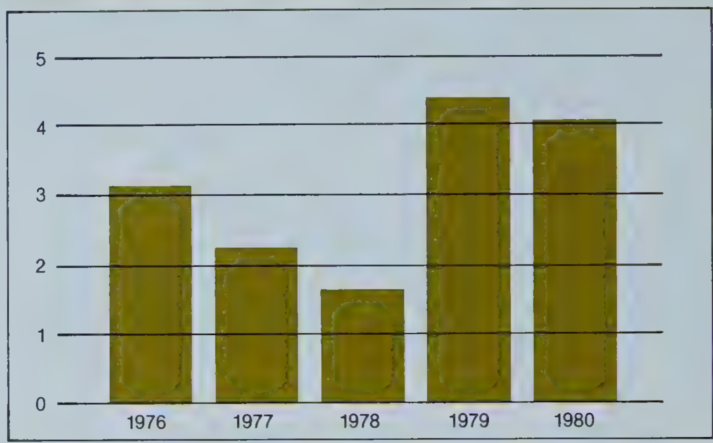
The current tax provision has been reduced substantially from $6.6 million in 1979 to $1.6 million in 1980 (note 9). The 1980 provision consists of mineral resource and U.S. taxes payable of $3.1 million less Alberta royalty tax credits receivable of $1.5 million. The 1980 Federal and Provincial income taxes have been deferred due to available tax credits generated by expenditures on exploration and development programs.

Changes in Financial Position

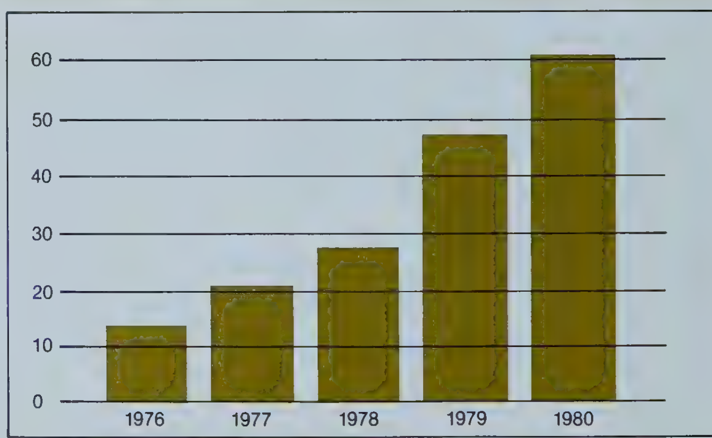
Funds provided from operations before mineral exploration expense amounted to $60.1 million in 1980, an increase of 27% from $47.3 million in 1979. Cash flow from oil and gas sales, where volumes and prices were both up significantly, is primarily responsible for this improvement.

Late in 1980 the Company arranged a bank term loan of $22 million in order to retire its short term debt incurred to effect the Lacana acquisition.

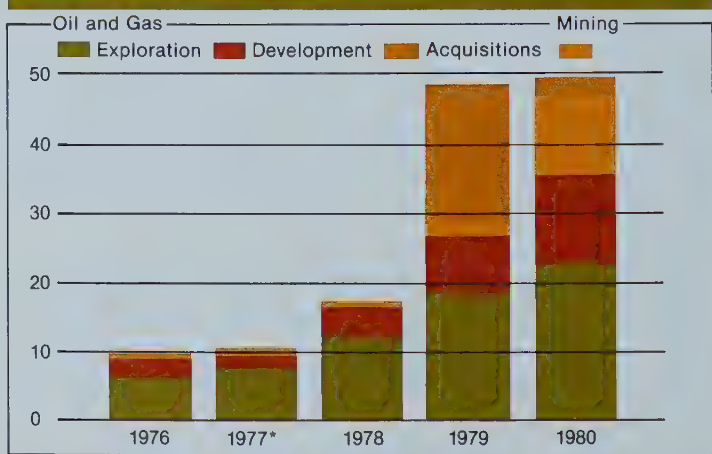
Mineral Exploration
(millions of dollars)



Funds Provided from Operations
(millions of dollars)



Capital Expenditures
(millions of dollars)



* Before proceeds from farmout of $1.4 million.

Prior to the acquisition of Brascan Resources Limited, that company received advances from its parent Great Lakes Power Corporation Limited for purposes of conducting exploration programs on behalf of Great Lakes. The advances were subsequently retired by the issuance of preferred share capital of Brascan Resources Limited of $2 million in 1979 and $5.5 million in 1980.

Also in 1979 Brascan Resources Limited issued $207 million in preferred share capital to Brascan Limited for cash, which share capital was subsequently repurchased later in the year.

A significant investment was made by the Company in October of 1980 when it acquired 23% of the outstanding common share capital of Lacana Mining Corporation for $23.6 million.

Capital expenditures were relatively constant for the two years at $49.7 million in 1980 versus $48.6 million in 1979. Included is the purchase of oil and gas properties from Abacus Cities Ltd. which accounted for $20.2 million of the total in 1979 and a further $2.7 million in 1980. Also included in 1980 were expenditures of $10.7 million on the new mine shaft at the H-W deposit near Campbell River.

At year end 1980 working capital was $19 million, a decrease of $23 million from year end 1979. The decrease relates primarily to the dividend paid by Brascan Resources Limited prior to its acquisition by the Company.

Management's Responsibility

This Annual Report to the shareholders of Westmin Resources Limited, including the financial statements on pages 18 to 26 has been prepared by the management of the Company and approved by the Directors. The financial data included in the text of this report is consistent, to the extent applicable, with the financial statements and the underlying information from which these statements were prepared.

Management is responsible for the integrity and objectivity of the financial statements. To fulfill this responsibility, the Company maintains appropriate systems of internal controls, policies and procedures to ensure that its reporting practices and accounting and administrative procedures are of high quality, consistent with reasonable costs. The statements have been prepared utilizing accounting principles, ("Summary of Accounting Policies", Page 22) which we believe to be appropriate for the operations of the Company.

Coopers & Lybrand, the auditors appointed by the shareholders, have reviewed the systems of internal control and examined the financial statements in accordance with generally accepted auditing standards to enable them to express to the shareholders their opinion on the financial statements. Their report as auditors is set forth below.

The statements have been further examined by the Board of Directors and its Audit Committee whose members are listed elsewhere in this report. This Committee meets regularly with the auditors and management to review the activities of each and it reports to the Board of Directors. The auditors have full access to the Audit Committee.

Auditors' Report to the Shareholders

We have examined the consolidated balance sheet of Westmin Resources Limited as at December 31, 1980 and the consolidated statements of earnings, retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the company as at December 31, 1980 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Vancouver, B.C.
February 13, 1981
Except for note 13
for which the date is March 26, 1981

Coopers & Lybrand
Chartered Accountants

Consolidated Balance Sheet

as at December 31, 1980

Assets

	1980 $	1979 $
	(in thousands)	
CURRENT ASSETS		
Cash and short term deposits	**13,367**	21,970
Accounts and settlements receivable (note 2)	**16,850**	22,752
Due from affiliate		23,301
Inventories (note 3)	**11,816**	11,347
	42,033	79,370
INVESTMENTS (note 4)	**31,575**	7,491
PROPERTY, PLANT AND EQUIPMENT (note 5)		
Oil and gas	**173,684**	134,976
Mining	**26,877**	16,095
Coal and industrial minerals	**5,660**	5,660
Other	**1,504**	1,275
	207,725	158,006
Accumulated depletion and depreciation	**36,484**	28,560
	171,241	129,446
	244,849	216,307

APPROVED BY THE DIRECTORS

Director

Director

Liabilities

	1980 $	1979 $
	(in thousands)	
CURRENT LIABILITIES		
Bank indebtedness	**1,987**	16,425
Accounts payable and accrued liabilities	**17,000**	11,531
Income and mining taxes payable	**3,645**	9,174
	22,632	37,130
BANK LOAN (note 6)	**22,000**	
ADVANCE FROM PARENT COMPANY		5,000
DEFERRED INCOME AND MINING TAXES	**26,928**	9,828
	71,560	51,958

Shareholders' Equity

	1980 $	1979 $
SHARE CAPITAL (notes 1 and 7)	**136,900**	131,336
RETAINED EARNINGS (note 1)	**36,389**	33,013
	173,289	164,349
	244,849	216,307

Consolidated Statement of Earnings

For the Year Ended December 31, 1980

	1980 $	1979 $
	(in thousands)	
REVENUE		
Oil and gas	**48,555**	29,148
Mining	**40,981**	42,814
Investment income	**3,633**	7,152
Other	**1,517**	1,092
	94,686	80,206
EXPENSES		
Royalty expense	**9,113**	5,064
Cost of production –		
Oil and gas	**5,958**	2,954
Mining	**14,571**	12,734
Mineral exploration	**4,007**	4,319
General and administrative	**3,259**	2,178
Depletion and depreciation	**7,924**	5,466
Interest	**1,162**	83
Currency translation adjustments	**(288)**	215
	45,706	33,013
EARNINGS FROM OPERATIONS	**48,980**	47,193
INCOME AND MINING TAXES (note 9)	**17,400**	20,067
EARNINGS BEFORE THE FOLLOWING	**31,580**	27,126
Equity in earnings of Lacana Mining Corporation (note 4)	**350**	
Extraordinary item		835
NET EARNINGS FOR THE YEAR	**31,930**	27,961
EARNINGS PER COMMON SHARE (note 10)		
Basic –		
Earnings before extraordinary item	**.81**	.81
Net earnings for the year	**.81**	.83
Pro-Forma	**.71**	.60

Consolidated Statement of Retained Earnings

For the Year Ended December 31, 1980

	1980 $	1979 $
	(in thousands)	
BALANCE AT BEGINNING OF YEAR	**33,013**	8,193
Net earnings for the year	**31,930**	27,961
	64,943	36,154
Dividends (note 8)	**28,554**	3,141
BALANCE AT END OF YEAR	**36,389**	33,013

Consolidated Statement of Changes in Financial Position

For the Year Ended December 31, 1980

	1980 $	1979 $
	(in thousands)	
WORKING CAPITAL WAS PROVIDED FROM:		
Operations before mineral exploration	**60,082**	47,272
Mineral exploration expense	**4,007**	4,319
Net from operations	**56,075**	42,953
Recovery of income taxes		835
Reduction of long-term receivable	**500**	400
Bank loan	**22,000**	
Advance from parent company	**500**	5,000
Issuance of share capital	**5,564**	210,020
Other	**79**	283
	84,718	259,491
WORKING CAPITAL WAS USED FOR:		
Investments	**23,784**	108
Property, plant and equipment	**49,719**	48,577
Reduction in parent company advance	**5,500**	2,000
Share capital repurchased		207,970
Dividends	**28,554**	3,141
	107,557	261,796
DECREASE IN WORKING CAPITAL	**22,839**	2,305
WORKING CAPITAL AT BEGINNING OF YEAR	**42,240**	44,545
WORKING CAPITAL AT END OF YEAR	**19,401**	42,240
WORKING CAPITAL IS REPRESENTED BY:		
Current assets	**42,033**	79,370
Current liabilities	**22,632**	37,130
	19,401	42,240

Summary of Accounting Policies

These financial statements have been prepared in accordance with accounting principles generally accepted in Canada, consistently applied, and conform in all material respects to International Accounting Standards.

Basis of Consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries, all of which are wholly-owned: Western Mines Inc., Western Coal Holdings Inc., Brascan Explorations Inc., and Brascan Resources Inc.

Investments

The Company's investment in Lacana Mining Corporation (23% owned), over which the Company exercises significant influence, is accounted for by the equity method. Under this method the investment is carried at cost plus the Company's share of earnings since acquisition. The Company's share of annual net earnings of Lacana is included in income and dividends are deducted from the carrying value.

Other investments are carried at cost less amounts written off.

Joint Venture Accounting

Substantially all of the Company's exploration activities and oil and gas production are conducted jointly with others and accordingly the accounts reflect only the Company's proportionate interests in such activities.

Translation of Foreign Currencies

Assets, liabilities, revenues and expenses in currencies other than Canadian dollars are translated into Canadian dollars substantially as follows:

Current assets, current liabilities and long-term debt at the rates of exchange prevailing at the balance sheet date.

Other assets and liabilities at rates prevailing when they are acquired or incurred.

Revenues and expenses at average rates for the period except for depletion, depreciation and amortization provisions, which are at the rates used for translation of the related assets.

Gains and losses arising on currency translation are included in income.

Property, Plant and Equipment

Mining

Mineral exploration costs (including acquisition, exploration and development expenditures and related overhead) pertaining to individual mineral prospects are charged to income as incurred until such time as an economic orebody is defined. Subsequent development costs are deferred and amortized on the unit of production method.

Mine plant and equipment costs are depreciated substantially on the unit of production method.

Oil and Gas

The full cost method of accounting is used whereby all costs associated with exploration for and development of oil and gas reserves are capitalized by cost centre until commencement of production and then amortized on the unit of production method over estimated proven reserves.

Costs include land acquisition, geological and geophysical expenditures, carrying charges of non-producing property, costs of drilling both productive and non-productive wells, overhead expenses related to exploration and development activities and plant and equipment.

Proceeds from the disposal of properties are credited against costs. Costs attributable to centres which were unsuccessful and are abandoned are written off.

Cost centres include:

Producing:	North America (excluding Arctic)	Non-producing:	Arctic Overseas

Coal and Industrial Minerals

Coal and other properties, until commercial production begins, are carried at cost, less any amounts written off in recognition of a permanent decline in value. Costs are amortized on the unit of production method on commencement of production.

Concentrate Settlements Receivable and Concentrate Inventory

Concentrate settlements receivable and concentrate inventory are valued at current metal prices less provision for estimated market adjustments, treatment and marketing charges. In accordance with the terms of the sales contract, final settlements are made at prices prevailing at a future date and the amounts eventually received by the Company may vary from the amounts included in the receivables and inventory at the year-end. From time to time the Company establishes the price it will receive for part of its production by selling forward on the metal and currency markets.

Materials and Supplies

Materials and supplies are valued at the lower of average cost and net realizable value.

Income and Mining Tax

The Company follows the tax allocation method of accounting for corporate income and mining taxes, whereby deferred taxes are provided to the extent that current taxes have been reduced by claiming primarily capital cost allowances and exploration and development costs in excess of the related depletion and depreciation recorded in the financial statements. Deferred taxes relating to current assets are included with income and mining taxes payable.

Notes to Consolidated Financial Statements

For the Year Ended December 31, 1980

1. REORGANIZATION

On June 4, 1980 the shareholders approved the acquisition by the Company of all of the shares of Brascan Resources Limited from Great Lakes Power Corporation Limited, in consideration for the issuance of 1,000,000 floating rate cumulative Class A Preferred shares and 14,135,859 common shares. Prior to the acquisition, Brascan Resources controlled Westmin and, accordingly, the transaction has been treated as a reorganization of shareholder interests with no new basis of accounting for the assets and liabilities of the consolidated entity. For accounting purposes the consolidated financial position of Brascan Resources and its former subsidiary, Westmin, has been carried forward with the minority interest attributable to Westmin reallocated to its share capital and retained earnings components respectively and the results of operations restated to eliminate retroactively the provision for minority interest. Brascan Resources is being wound up with an effective date of June 5, 1980.

A reconciliation of the opening balances of consolidated share capital and consolidated retained earnings with those of the respective companies is as follows:

	Share Capital $	Retained Earnings $
	(in thousands)	
Balances – December 31, 1979 as previously reported		
Westmin	9,282	24,403
Brascan Resources	126,731	20,865
	136,013	45,268
Deduct:		
Pro rata interest in Westmin's share capital and retained earnings represented by shares held by Brascan Resources	4,677	12,255
Balances – December 31, 1979 as restated	131,336	33,013

2. ACCOUNTS AND SETTLEMENTS RECEIVABLE

	1980 $	1979 $
	(in thousands)	
Oil and gas operations	12,338	8,060
Concentrate settlements	1,164	9,268
Other accounts receivable	3,348	5,424
	16,850	22,752

3. INVENTORIES

	1980 $	1979 $
	(in thousands)	
Concentrate	6,433	9,139
Materials and supplies	5,383	2,208
	11,816	11,347

4. INVESTMENTS

	1980 $	1979 $
	(in thousands)	
Lacana Mining Corporation, at equity (quoted value, December 31, 1980 – $26,042,000)	23,976	
Long-term receivable	6,439	6,410
Other, at cost or written-down value	1,160	1,081
	31,575	7,491

Lacana Mining Corporation

In October 1980 the Company acquired 2,147,809 common shares (23%) of Lacana Mining Corporation. The purchase price was $11 per share for a total consideration of $23,626,000. The cost of the investment exceeds the share of the book value of the net assets acquired by $15,763,000 which is attributable to Lacana's investment in mining companies and is being amortized over the estimated life of the mines. Amortization for 1980 amounted to $197,000.

The Company was also granted an option, exercisable at any time prior to October 25, 1983, to purchase an additional 1,000,000 common shares from treasury at a maximum of $15.50 per share which would increase its interest in Lacana to approximately 30%. Share purchase options outstanding in Lacana to employees and others, if exercised, could dilute the Company's present interest to 19.1%.

Long-Term Receivable

This receivable, amounting to $17,000,000, is due in annual instalments ranging from $500,000 to $800,000 to July 1, 2005 without interest, and is carried at its discounted value of $6,439,000 (1979 – $6,410,000) based on an assumed interest rate of 8%. The current portion is included in current assets.

Other Investments

The amount includes housing and stock purchase plan loans of $260,000 to certain employees, some of whom are officers and directors of the Company.

5. PROPERTY, PLANT AND EQUIPMENT

	1980			1979
	Cost $	Accumulated depletion and depreciation $	Net $	Net $
	(in thousands)			
Oil and gas				
Properties				
North America	143,840	20,177	123,663	99,327
Arctic	8,822		8,822	8,693
Overseas	1,518		1,518	
Plant and equipment	19,504	3,284	16,220	9,899
	173,684	23,461	150,223	117,919
Mining				
Properties and development	4,463	1,500	2,963	654
Plant and equipment	14,595	10,430	4,165	4,812
Construction in progress	7,819		7,819	
	26,877	11,930	14,947	5,466
Coal and industrial minerals	5,660	326	5,334	5,403
Other equipment and leasehold improvements	1,504	767	737	658
	207,725	36,484	171,241	129,446

6. BANK LOAN

The bank loan bears interest at the bank prime rate and matures July 1, 1982 with provision for extension to July 1, 1983. The Company has agreed, if requested by the bank, to provide security in the form of a charge on oil and gas and mining properties. Interest during 1980 amounted to $22,000.

7. SHARE CAPITAL

	1980 $	1979 $
	(in thousands)	
Authorized –		
1,000,000 Class A floating rate Preferred Shares with a par value of $100 each, redeemable at par		
30,000,000 common shares without par value		
Issued and fully paid –		
1,000,000 Class A Preferred Shares	100,000	100,000
16,838,284 common shares (1979 – restated 16,824,704)	36,900	31,336
	136,900	131,336

Each Class A Preferred Share is entitled to a cumulative cash dividend which is related to the prime rate of interest charged by certain Canadian banks adjusted daily and payable quarterly. The maximum annual dividend until December 31, 1981 shall not exceed $8.00 per share.

The Class A Preferred Shares are redeemable at par plus accrued and unpaid dividends at a minimum of 5% of the outstanding shares per annum commencing January 1, 1983. The Company may accelerate redemption after December 31, 1985 and may at any time purchase all or any part of the outstanding Class A Preferred Shares for cancellation. After June 1, 1992 the Company must offer to repurchase all Class A Preferred Shares which are then outstanding at a price of $100 per share plus accrued and unpaid dividends.

A reconciliation of the share capital account is:

	1980 $ (in thousands)
Restated share capital December 31, 1979 (note 1)	131,336
Common shares issued for cash in 1980	64
Preferred shares issued by Brascan Resources Limited prior to reorganization	5,500
Share capital December 31, 1980	136,900

Common shares outstanding:	(Shares)
December 31, 1979, as previously reported	5,406,438
Issued to Great Lakes Power Corporation Limited as part consideration for the shares of Brascan Resources Limited (note 1)	14,135,859
	19,542,297
Deduct:	
Shares held by Brascan Resources Limited upon reorganization	2,717,593
December 31, 1979, as restated	16,824,704
Issued for cash during 1980	13,580
December 31, 1980	16,838,284
After giving effect to the proposed subdivision on a two-for-one basis	33,676,568

During 1980, 13,580 shares were issued for cash amounting to $64,000 under the terms of the Company's employee stock option plan. Options on 452,020 shares were outstanding as at December 31, 1980, exercisable at varying dates to 1985 at prices ranging from $2.98 to $20.15 per share.

The Company holds 30,100 shares which were purchased for $68,000 and 2,717,593 shares which were previously held by Brascan Resources Limited. These shares have been treated as a reduction of issued share capital pending resale or retirement.

8. DIVIDENDS

	1980 $	1979 $
	(in thousands)	
Paid by Brascan Resources Limited prior to reorganization	20,597	2,605
Class A Preferred	4,590	
Common (1979 – net of amount paid to Brascan Resources Limited)	3,367	536
	28,554	3,141

9. INCOME AND MINING TAXES

The provision for income and mining taxes consists of:

	1980 $	1979 $
	(in thousands)	
Provincial mining taxes		
– current	3,017	3,938
– deferred	(150)	527
	2,867	4,465
Income taxes		
– current	138	3,560
– deferred	15,950	12,944
– Alberta royalty tax credit	(1,555)	(902)
	14,533	15,602
Total income and mining taxes	17,400	20,067

10. EARNINGS PER COMMON SHARE

Earnings per common share have been calculated after giving effect to the proposed subdivision of the common shares on a two-for-one basis (note 13).

Basic earnings per share give effect to preferred dividends from June 5, 1980 only and are calculated as if the common shares issued on acquisition of Brascan Resources Limited had been outstanding throughout 1979 and 1980.

Pro-forma earnings per share are calculated to reflect the earnings per common share as though the preferred dividends had been payable from January 1, 1979.

Earnings per share have been calculated using the weighted monthly average of shares outstanding.

11. COMPARATIVE FIGURES

Certain of the 1979 comparative figures have been reclassified to conform with the current year's presentation.

Assets, liabilities and operations of the oil and gas segment of the consolidated 1979 comparative figures were reported on by other auditors.

12. OTHER INFORMATION

Directors' and Senior Officers' Remuneration

During 1980, the Company had nine directors (1979 – nine) and sixteen officers (1979 – seventeen), four of whom served in both capacities. Remuneration paid to these directors and officers amounted to $1,125,000 in 1980 and $993,000 in 1979.

Commitments

The company has entered into a number of agreements relating to site preparation, sinking of shaft and construction of buildings at the H-W Mine, Campbell River, British Columbia. Commitments of approximately $17,000,000 have been made, of which $7,800,000 has been incurred to date.

Pension plans exist for all employees; based on the most recent actuarial evaluation of the plans, all past service benefits are fully funded.

Related Party Transactions

Certain investment transactions were arranged with affiliated companies, generally at market interest rates. Investment income of $788,000 and interest expense of $518,000 relates to loans to and from the parent and affiliated companies.

In the normal course of business, the Company engages professional services of various engineering and geological consulting firms. During 1980, $708,000 was paid to a company in which a director holds a majority interest. Terms of these transactions are the same as with unrelated parties.

13. SUBSEQUENT EVENTS

The company called a special meeting of its shareholders which authorized "continuance" of the Company as a federally chartered corporation, a name change to Westmin Resources Limited and the sub-division of the common shares on a two-for-one basis. The Company also created a new class of preferred shares and announced its intention to make a public offering of an initial series of preferred shares convertible into common shares.

On March 31, 1981, the Company was charged under the Fisheries Act (Canada). The Company is unaware of any damage occasioned to fish or other marine life by its mining operations and intends to defend itself against the charges. It is not possible at this time to determine the outcome of this action.

Consolidated Statement of Earnings by Segment

	1980				1979			
	Oil and Gas $	Mining $	Other and Unallocated $	Consolidated Total $	Oil and Gas $	Mining $	Other and Unallocated $	Consolidated Total $
				(in thousands)				
REVENUE								
Domestic	48,329	10,400		58,729	28,924	17,230		46,154
Other	226	30,581		30,807	224	25,584		25,808
	48,555	40,981		89,536	29,148	42,814		71,962
Investment income			3,633	3,633			7,152	7,152
Other	427		1,090	1,517	267		825	1,092
	48,982	40,981	4,723	94,686	29,415	42,814	7,977	80,206
EXPENSES								
Royalty expense	9,113			9,113	5,064			5,064
Cost of production	5,958	14,571		20,529	2,954	12,734		15,688
Mineral exploration			4,007	4,007			4,319	4,319
General and administrative			3,259	3,259			2,178	2,178
Depletion and depreciation	6,404	1,300	220	7,924	3,908	1,420	138	5,466
Interest			1,162	1,162			83	83
Currency translation adjustments			(288)	(288)			215	215
	21,475	15,871	8,360	45,706	11,926	14,154	6,933	33,013
EARNINGS FROM OPERATIONS	27,507	25,110	(3,637)	48,980	17,489	28,660	1,044	47,193

Note: Comparative figures have been reclassified to conform to the 1980 presentation. Principal reclassifications are to:

(a) segregate mineral exploration and mining taxes (previously included in the mining segment);
(b) segregate general and administrative expenses related to general corporate matters (previously allocated to segments);
(c) segregate net currency translation adjustments (previously allocated to segments).

Operations Summary

		1980	1979	1978	1977	1976
PRODUCTION						
Crude oil and natural gas liquids	barrels	695,362	409,900	327,600	257,000	260,000
Daily average	barrels	1,900	1,123	898	704	712
Natural gas	MMcf	15,374	13,570	14,800	14,797	10,561
Daily average	MMcf	42	37	41	41	29
Ore delivered to the mill	tons	306,712	294,181	296,560	296,598	296,846
Payable metal(000's)						
Gold (oz.)		19	20	18	16	18
Silver (oz.)		786	791	841	914	1,068
Copper (lbs.)		5,941	6,296	5,953	5,322	5,187
Lead (lbs.)		5,125	5,425	5,409	5,353	5,948
Zinc (lbs.)		33,656	36,509	35,868	33,318	32,010
RESERVES - GROSS, PROVEN						
Crude oil and natural gas liquids	million barrels	6.1	4.9	3.2	2.7	2.9
Natural gas	Bcf	364	324	275	276	254
Ore	Thousand tons	1,092	1,144	1,273	1,460	1,704

Financial Summary

	Years ended December 31				
	1980	1979	1978	1977	1976
	$	$	$	$	$
	(in thousands except per share amounts)				
REVENUE					
Oil and gas	48,555	29,148	26,689	21,610	13,038
Mining	40,981	42,814	19,604	14,960	15,656
Investment income	3,633	7,152	2,577	1,156	541
Other	1,517	1,092	1,615	715	801
	94,686	80,206	50,485	38,441	30,036
EXPENSES					
Royalty expense	9,113	5,064	4,315	3,624	2,514
Cost of production –					
Oil and gas	5,958	2,954	2,165	1,817	1,228
Mining	14,571	12,734	10,748	10,966	10,113
Mineral exploration	4,007	4,319	1,640	2,239	3,038
General and administrative	3,259	2,178	1,445	1,611	1,760
Depletion and depreciation	7,924	5,466	4,895	4,968	4,189
Interest	1,162	83			406
Currency translation adjustments	(288)	215	(507)	(642)	46
Other				213	504
	45,706	33,013	24,701	24,796	23,798
EARNINGS FROM OPERATIONS	48,980	47,193	25,784	13,645	6,238
INCOME AND MINING TAXES					
Current	1,600	6,596	988	(413)	497
Deferred	15,800	13,471	8,421	4,335	1,757
	17,400	20,067	9,409	3,922	2,254
EARNINGS BEFORE THE FOLLOWING	31,580	27,126	16,375	9,723	3,984
Equity in earnings of Lacana Mining Corporation	350				
Write down of deferred development expenditures, net of income taxes					(9,800)
Extraordinary items		835	688	4,203	
NET EARNINGS (LOSS) FOR THE YEAR	31,930	27,961	17,063	13,926	(5,816)
EARNINGS (LOSS) PER SHARE					
Basic –					
Earnings before extraordinary item	.81	.81	.49	.29	(.17)
Net earnings for the year	.81	.83	.51	.42	(.17)
Pro-Forma	.71	.60	.32	.24	(.37)
CASH FLOW (before mineral exploration expense)	60,082	47,272	27,614	20,790	13,065
CAPITAL EXPENDITURES					
Oil and gas					
Exploration	23,135	19,148	10,924	6,687	5,520
Development	12,888	7,842	4,724	2,955	3,681
Properties purchased (sold)	2,686	20,171		(1,410)	
Mining development	10,782	1,063	230	552	579
Other	228	353	28	82	63
Total capital expenditures	49,719	48,577	15,906	8,866	9,843
WORKING CAPITAL	19,401	42,240	44,545	30,191	20,104
LONG TERM DEBT	22,000				

Corporate Information

Officers

A. William Farmilo
Chairman of the Board
Paul M. Marshall
President and Chief Executive Officer
Dr. George M. Furnival
Executive Vice-President and General Manager, Mining Division
Douglas W. Miller
Executive Vice-President and General Manager, Petroleum Division
Richard H. Ostrosser
Senior Vice-President
Donald D. Webster
Vice-President, Finance and Treasurer
Gunnar I. Dziny
Vice-President, Production, Mining Division
Cameron G. Troyer
Vice-President, Production, Petroleum Division
Dr. Arthur E. Soregaroli
Vice-President, Exploration, Mining Division
Eugene W. Kulsky
Vice-President, Exploration, Petroleum Division
William B. Hartley
Vice-President, Land, Petroleum Division
John B. Killick
Vice-President, Corporate Development
Raymond O. Hampton
Secretary
H. William Verveda
Assistant Treasurer and Corporate Controller
Ross A. Mitchell
Assistant Treasurer and Controller, Mining Division
Donald A. Repka
Assistant Secretary

Directors

J. Trevor Eyton, Toronto
President, Brascan Limited
A. William Farmilo, Calgary†
Executive Vice-President, Canada Brascan Limited
Dr. George M. Furnival, Vancouver†
Executive Vice-President and General Manager, Mining Division
Roger T. Hager, Vancouver
Private Investor
Patrick J. Keenan, Toronto†*
President, Patino, N.V.
John A. McLallen, Vancouver*
Private Investor
Paul M. Marshall, Calgary†
President and Chief Executive Officer
Douglas W. Miller, Calgary†
Executive Vice-President and General Manager, Petroleum Division
Harold M. Wright, Vancouver†*
Chairman, Wright Engineers Limited

†Member, Executive Committee
*Member, Audit Committee

Solicitors

Lawrence & Shaw
Burnet, Duckworth & Palmer

Auditors

Coopers & Lybrand

Registrar and Transfer Agent

Canada Permanent Trust

Shares Listed

Vancouver Stock Exchange
Toronto Stock Exchange

Company Offices

Head Office
1800, 255 - 5th Avenue S.W.
Calgary, Alberta
T2P 3G6

Principal Office, Mining Division
1103 Three Bentall Centre
595 Burrard Street
Vancouver, B.C.
V7X 1C4

Mining Division
Eastern Exploration Office
Suite 1414, 390 Bay Street
Toronto, Ontario
M5H 2Y2

Mine Office
P.O. Box 8000
Campbell River, B.C.
V9W 5E2

WESTMIN RESOURCES LIMITED

Head Office
1800, 255 - 5th Avenue S.W.
Calgary, Alberta
T2P 3G6

Principal Office, Mining Division
1103 Three Bentall Centre
595 Burrard Street
Vancouver, British Columbia
V7X 1C4

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